BC GAMES SOCIETY

ANNUAL REPORT

2006 / 2007

BC GAMES

2007-05983/

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1. Message from the Co-Chairs to the Minister Responsible

This past fiscal year saw the BC Games Society manage Games in Kamloops, Abbotsford, and Fort St. John. It was one of our "quieter years" in terms of multiplicity of Games, but these Games still involved 6,998 participants and over 5,993 volunteers. Investments made in these Games in terms of operational grants equaled $760,000, while an additional $245,681 cash and $783,122 value-in-kind was generated to ably support the work of the volunteers.

Multi-sport Games in the Province of BC are facing challenges as the sport tourism sector matures and grows. For many years, BC Games were the favourite challenge for many communities to adopt, allowing them to showcase both community and citizen. With the rise of sport tourism, more and more events are seeking those same cities, making competition stronger, and community fatigue a definite reality. In the face of these new challenges, it is important that we "adjust our sails" to deal with the changing winds; keeping our Games on the cutting edge of sport development is critical, being mindful of volunteer fatigue and providing them tools to better deal with organizational challenges is crucial, and also ensuring that cities are properly resourced so that businesses do not falter under an undue burden of expected support.

The BC Games continue to be the benchmark for provincial and territorial Games across the country. Ties to the sport system regarding coaching and athlete development, the provision of resources, written and financial, to Host Communities, and our many policies and protocols, have our staff invited to share our learnings with provinces and territories. This acquired knowledge can one day add to our revenues as we look to markets in the US and abroad.

After amortization on capital assets, the BC Games Society realized a deficit of $6,624. The sale of our *Guidelines for the Host Community* to the Sport Alliance of Ontario, contributed to our revenues, while acquiring a new corporate partner did not take place until after the fiscal year. Overall, our revenues and expenditures are consistent from year to year, with the most significant varying cost being that of our transportation costs to move athletes and coaches to our host city.

The 2006 / 2007 BC Games Society Annual Report was prepared under our direction in accordance with the Budget Transparency and Accountability Act. We are accountable for the contents of the report, including the selection of the performance measures and how the results have been reported. The information presented represents the actual performance of the BC Games Society for the twelve months ended March 31, 2007. All significant decisions, events and identified risks, as of May 7, 2007, have been considered in this report.

The information is presented in accordance with the BC Reporting Principles and represents a comprehensive picture of our actual performance in relation to our service plan. The measures are consistent with the BC Games Society's mission, goals and objectives and focus on aspects critical to the organizations performance.

We are responsible for ensuring internal controls are in place to ensure performance information is measured accurately and in a timely fashion.

This report contains estimates and interpretive information that represent the best judgment of management. Any significant limitations in the reliability of data are identified in the report.

In closing, we wish to express our sincere appreciation to Minister Stan Hagen for his commitment and support of his Board of Directors and staff in the delivery of the five BC Games. It is through the vision of the Board, and the professionalism of the staff that the BC Games Society has built such a strong reputation inside and outside the province of British Columbia.

Respectfully submitted,

W. Ladner-Beaudry

Wendy Ladner Beaudry, Co-Chair
BC Games Society

Tony Fiala

Tony Fiala, Co-Chair
BC Games Society

2. Organizational Overview

The Purpose of the BC Games Society is:

To provide an opportunity for the development of athletes, coaches, and officials in preparation for higher levels of competition in a multi-sport which promotes interest and participation in sport and sporting activities, individual achievement, and community development. Specifically, our purpose is:

- to motivate British Columbians to achieve a higher level of fitness and physical well being through participation in amateur sports and physical activity
- to encourage and motivate athletes, coaches, and officials to attain a higher level of skill and competitive achievement
- to organize competitive sport events that will serve as preparation for higher level competition and play an integral role in the BC sport delivery system
- to provide each hosting community with a legacy of experienced volunteers and facility improvements
- to share the spirit of the Games with British Columbians of all regions of the province
- to celebrate the community

Since 1978, the BC Games Society (Society) has been staging the BC Winter and BC Summer Games. The two events, held every even calendar year, are BC's largest multi-sport events. Located in Victoria, the Society provides event management support, volunteer and participant management software, and financial resources to each of its Games host communities. These host cities then form separate not-for-profit societies for the three-year cycle of their games management.

The BC Games Society was established in 1977 to provide community and sport development opportunities across BC. The Society is included in the public accounts of the Government of British Columbia and is a crown agency subject to the *Budget Transparency and Accountability Act*. The Society was incorporated under the Society Act in 1987 to provide event management leadership to achieve sport, individual and community development.

The scope of the BC Games was broadened in 1994 with the addition of the Northern BC Winter Games, the BC Disability Games, and the BC Seniors Games. Similar to our work with the BC Winter and BC Summer Games, the Society provides support and resources to each of these Games, with policy direction coming from the respective Boards of these three Games. Host cities also form their own societies during the cycle of Games hosting.

In February 2007, the BC Seniors Games Society negotiated a stand-alone agreement removing them from the Family of Games, while retaining the event management services of the BC Games Society under an annual contract.

Provincial funding for the BC Games Society is provided through a *Transfer Under Agreement* signed by the Sport and Recreation Branch of the Ministry of Tourism, Sport and the Arts.

Communities across the province embrace the BC Games as an opportunity to highlight their citizens, facilities and hometown pride to the rest of BC. While the BC Games are a

four-day celebration, the legacy of these multi-sport events lives on in new and improved facilities, enhanced volunteers skills, and financial impacts resulting from participant and visitor spending, and legacy investments.

Mission, Vision, Values

Mission

Through partnerships, the BC Games Society is committed to providing event management leadership in the creation of development opportunities for individuals, sport organizations, and host communities

Vision

- Entrepreneurial approaches, mutual accountability, and transparency in all our partnerships are standard methods of operation.
- The economic and social benefits to communities in hosting the Games produces quality bids and experiences from a variety of host communities.
- BC athletes, coaches, and officials in national and international competition will benefit from the experience of a BC Games.
- Public and private sectors value and support the BC Games.
- Host Communities, athletes, coaches, managers, officials, and volunteers remember the BC Games as a best ever multi-sport experience.
- The BC Games are a vehicle for community legacies, trained coaches, new sport clubs, facility improvements, community pride and spirit, and skilled event management volunteers in each host community.
- BC Games Society Board represents an effective, ethical, and responsible model in leadership and governance.

Values

Values that underpin how we interact in our relationships:

- Partnerships and collaboration are the foundation to our working relationships where appreciation and understanding of all partners' perspectives is actively sought.
- We have an organizational climate of mutual trust and support between Board and Staff, where roles and responsibilities are clarified, policies are followed and contributions of the team and individuals are honoured.
- Our dynamic approaches continually redefine and determine the most efficient and effective method of delivering event management services and programs.
- Commitment to social issues affecting all British Columbians around health and wellness, personal and community development, equity, access, and inclusiveness is demonstrated.
- Investment in our human resources is critical to our long-term success and we strive to offer personal/professional development opportunities to Board, Staff, and Volunteers.

3. Report on Games Performance

The core business of the BC Games Society is the event management of the BC Winter and BC Summer Games. In support of these two multi-sport events, it is important that the operations of the Society are supplemented through corporate partner investment. The goals, measures, objectives and targets identified in this Annual Report highlight the role we play within the sport system, and acknowledge the need to assist in the financial stability of our organization.

Successful outcomes due to effective management ensure longevity of the hosting rotations around the province. Establishing the BC Games as a focal point for athlete and coach development, it is important that we measure benchmarks in the successful progression of athletes and coaches. Bringing the business community to aid in the success of the BC Games is critical, as their support contributes significantly to the overall success of each Games, while ensuring government's investment is maximized.

The importance of volunteerism, and the challenges in recruiting and keeping volunteers, cannot be understated. The BC Games were challenged to meet their targets for volunteer recruitment at each of the Kamloops 2006 BC Summer Games, the Abbotsford 2006 BC Seniors Games, and the Fort St. John 2007 Northern BC Winter Games. Volunteer fatigue, and the unprecedented employment rates contributed to those challenges, but the efforts locally ensured the targets were met. These three Games recruited and trained 5,993 volunteers, adding a conservative value of $2.4 million to the BC Games.[1]

Leveraging the provincial investment by providing exposure opportunities for the local government and business sectors provided additional value to the three Games held this past fiscal year. Audited statements for each of the three host societies indicate $211,581 of cash and an additional $705,609 of value in kind to support their respective BC Games.

Risk and Sensitivities

During the period covered by this Annual Report, the BC Games Society planned for / funded / implemented:

- Kamloops 2006 BC Summer Games
- Abbotsford 2006 BC Seniors Games
- Fort St. John 2007 Northern BC Winter Games
- Powell River 2007 BC Disability Games
- Nanaimo 2007 BC Seniors Games
- Dawson Creek 2008 Northern BC Winter Games
- Kimberley – Cranbrook 2008 BC Winter Games
- Kelowna 2008 BC Summer Games

The BC Games Society relies on third party delivery for the recruitment of athletes who attend the BC Winter and BC Summer Games. This recruitment and training of attending coaches and officials is the responsibility of the participating Provincial Sport Organizations (PSOs). Their successes in recruitment and training are reflected in our statistics pertaining to athletes and coaches. In Kamloops, Wheelchair Athletics, Wrestling, and Synchronized Swimming did not completely fill their compliment of athletes due to recruitment / planning difficulties within the sport. 73 % of Head Coaches attending the Kamloops 2006 BC Summer Games were certified to the National Coaching Certification level II as mandated by the Society. This

[1] value equal to $10/hour, based on an average time commitment of 40 hours per volunteer. Time commitment based on a study done by BC Games Society in April 2006 of Greater Trail 2006 BC Winter Games volunteers.

number marks an improvement over the 2004 BC Summer Games of 3%.

Discussions and organizational support from the provincial sport system continue with all participating PSOs to assist them in improving or increasing their overall organizational health as it pertains to their participation in the BC Summer Games.

Ownership of the Northern BC Winter Games, the BC Disability Games, and the BC Seniors Games lies with their respective Boards. The agreements with the respective agencies are for event management services only, and subsequently any advice and/or direction by the Society can be superseded by the Partner Board.

In all instances of the BC Games Society involvement, there is an underlying faith that cities and municipalities wish to host, and volunteer for, the BC Games. Recent decisions by the Northern BC Winter Games Society and BC Disability Sports will move their Games to a biennial model (odd calendar year) effective 2011 for the Northern Games, and 2007 for the BC Disability Games. This decision reflects the current saturation of multi-sport games and similar events on the host cities, their volunteers, and their business communities. The BC Games Society decision to go from an annual event to a biennial event (even years) in 1997 has assisted in maintaining an interest in hosting the BC Winter and/or BC Summer Games by cities across BC.

The BC Games Society is staffed by nine full time employees, five of whom spend significant periods of time traveling to the host cities in support of volunteers. Three administrative staff assist their work, and aid the functions of the President and CEO's office and the Board of Directors. Our *Guidelines for the Host Community* empower the volunteers with tasks, timelines and samples, meaning that staff time is maximized, and any one manager can provide assistance to possibly as many as six communities concurrently.

As noted in the results on the following pages, the BC Games Society was able to meet its objectives; those results directly attributable to the quality of leadership and dedication of our Board of Directors and those nine staff members.

4. Alignment with Government's Strategic Plan

The BC Games Society supports three of the Government's priorities as identified in their Strategic Plan.

To lead the way in North America in healthy living and physical fitness

The purpose of the BC Winter and BC Summer Games is to provide an opportunity for the development of athletes, coaches, and officials in preparation for higher levels of competition in a multi-sport event. The Society promotes interest and lifelong participation in sport and sporting activities, and individual achievement. All five BC Games promote healthy, active lifestyles for a broad range of populations, and builds capacity in skilled volunteers, sport programs, equipment and facilities, all avenues that continue to contribute to healthy communities.

To build the best system of support for persons with a disability, special needs, children at risk, and seniors.

Integration of athletes with a disability has been part of our Games model since our inception. We continue to support further integration by expanding opportunities for Paralympic sports in our BC Winter Games. Our event management service agreement with the BC Seniors Games and the BC Disability Games means additional financial resources and professional staff support contribute to a positive experience for athletes from both constituencies.

To make BC the best educated, most literate jurisdiction on the continent

Our commitment to the provision of quality written resources for the training and education of volunteers continues. Recognized nationally for their thoroughness and ease of use, our Guidelines for the Host Community are now online making them more accessible to more volunteers.

Goals, Objectives, Strategies, Measures and Targets

When establishing goals for the BC Games Society, it was imperative to look at our core business function, which is the delivery of the BC Winter and BC Summer Games. These BC Games must be done in partnership with the Provincial Government and the corporate sector, as they are our primary funding sources. Our goals reflect our priorities to volunteer support and the requirement to supplement our Provincial grant through corporate collaboration. Our goals, strategies, performance measures and targets have been revised from the previous service plan in order to focus on key aspects of performance.

The following pages outline our two primary goals and their outcomes.

Goal 1 – Effective Management of BC Winter Games, BC Summer Games and Partner Games							
Objectives							
In partnership with the Kamloops 2006 BC Summer Games Society, the Kimberley – Cranbrook 2008 BC Winter Games Society, and the Kelowna 2008 BC Summer Games Society, plan, prepare, and implement quality multi-sport events for the benefit of participants, volunteers, funding and corporate partners. Working with the Parent and local Boards of the Northern BC Winter Games, the BC Disability Games, and the BC Seniors Games, plan, prepare, and implement quality multi-sport events for the benefit of participants, volunteers, and funding and corporate partners.							
Key Strategies							
Provide concise written online materials to support the volunteers in creating quality BC Games. Promote PSO's use of the BC Winter and BC Summer Games through Memorandums of Understanding as a key element in the continuum of their athlete, coach, and officials' development while recruiting and maintaining a key network of key sport volunteers across the province.							
Performance Measures	**Actuals**					**Target**	
	03 / 04 Port Alberni 2004 Winter	04 / 05 Abbotsford 2004 Summer	05 / 06 Greater Trail 2006 Winter	06/07 Forecast Kamloops 2006 BC Summer Games	06 / 07 Actuals Kamloops 2006 Summer	07 / 08 Kimberley – Cranbrook 2008 Winter	Variance
volunteers use and value online tasks, samples and protocols to effectively manage their BC Games	online guidelines were being developed during this period	online guidelines were being developed and tested during this period	75% satisfaction rating of online resources	Survey results of Kamloops 2006 BC Summer Games volunteers indicated an 87% approval for the quality of materials provided.	87% satisfaction rating of online resources[2]	80% satisfaction – measurement surveys to begin June 2007	7% improvement on target of 80% satisfaction rating constant review and updating ensure online resources are practical and comprehensive
head coaches attending the BC Winter and BC Summer Games are certified to the required National Coaching Certification Program level II[3]	coaching certification not measured at these BC Winter Games	70% of coaches were certified to required standard	52% of coaches were certified to required standard	70% of attending coaches at the Kamloops Games will be certified	74% of coaches were certified to required standard	80% of coaches will be certified	3% improvement on target of 70% indicates importance of having quality coaches for the early level athletes
BC Winter and BC Summer Games athletes and coaches move on to higher levels of competition including the Canada Games[4]	surveys involving BC athletes and coaches at Canada Games had not yet begun	surveys involving BC athletes and coaches at Canada Games had not yet begun	41% (144) athletes and 75% (40) coaches attending the 2005 Canada Summer Games were BC Games alumni (52.5% of entire team)	expect 60% of the Canada Winter Games team to have had a BC Games experience. Results know March 2007	65% (176) athletes and 29% (19) coaches attending the 2007 Canada Winter Games were BC Games alumni (58% of entire team)	2009 Canada Summer Games to include 60% BC Games alumni 2011 Canada Winter Games to include 65% BC Games alumni	no benchmarks for comparative purposes sport organizations continue to understand the sport continuum, and strengths of developing coaches and athletes

[2] Zoomerang survey conducted by BC Games Society with Kamloops volunteers (April 2006)
[3] statistics provided by participating Provincial Sport Organizations (PSO)
[4] Team BC statistics provided by theTeam BC program (Sport Branch / ministry of Tourism, Sport and the Arts)

legacies from BC Winter and BC Summer Games include new sport club development, trained volunteers, and facility upgrades[5]	3212 volunteers were recruited and trained direct cash investment in sport was $89,515 legacy investment was $96,503	3639 volunteers were recruited and trained direct cash investment in sport was $31,500 legacy investment was $174,394	3035 volunteers were recruited and trained direct cash investment in sport was $90,000 legacy investment was $34,921	Kamloops Games will invest $80,000 of cash and in-kind into sport while dispersing an additional $75,000 in legacy grants. Recruited volunteers numbered 3246	3246 volunteers were recruited and trained direct cash investment in sport was $35,917 legacy investment was $101,576	anticipated volunteer recruitment to be 2300 investment in sport to equal $80,000 legacy investment post games to equal $65,000	community fatigue played a role in keeping volunteers slightly lower investment in sport was much less given the high calibre facilities in place

[5] volunteer figures from BC Games Society viewTEAM enabling software
financial figures from audited statements

Goal 2 – Entrepreneurial Activities							
Objectives							
To ensure the financial sustainability and enhancement of the BC Games through entrepreneurial activity by increasing the level of non-governmental fiscal support of the BC Winter and BC Summer Games.							
Key Strategies							
Establish new and maintain existing corporate partners through delivery on our contractual obligations. Provide supportive documentation and event management to Host Communities to recruit and develop local cash.							
Performance Measures	**Actuals**[6]					**Target**	
	03 / 04 Port Alberni 2004 Winter	04 / 05 Abbotsford 2004 Summer	05 / 06 Greater Trail 2006 Winter	06 / 07 Forecast Kamloops 2006 BC Summer Games	06 / 07 Actuals Kamloops 2006 Summer	07 / 08 Kimberley – Cranbrook 2008 Winter	Variance
As corporate partners, Air Canada Jazz, Global BC, and TELUS provide cash and in-kind services to offset budgeted expenditures	AC Jazz provided $110,000 value through charter discounts and staff travel Global BC provided $80,000 in-kind value TELUS negotiations were initiated	AC Jazz provided $110,000 value through charter discounts and staff travel Global BC provided $80,000 in-kind value TELUS negotiations were underway – no contract signed	AC Jazz provided $110,000 value through charter discounts and staff travel Global BC provided $80,000 in-kind value TELUS provides $85,000 cash and in-kind value	AC Jazz provides $110,000 value through charter discounts and staff travel	AC Jazz provided $110,000 value through charter discounts and staff travel Global BC contract re-signed until 2011 – continues to provide $80,000 in-kind value TELUS provides $85,000 cash and in-kind value	new AC Jazz contract being negotiated Global BC to provide $80,000 in-kind value TELUS provides $85,000 cash and in-kind value new $40,000 contract with BC Lottery Corp. to be signed	negotiations with BC Lottery Corp. in 06/07 resulted in signing of one-year term with Kamloops Games. BCLC involvement resulted in higher than anticipated surplus return to the BC Games Society[7] additional revenue of Guideline sales to Ontario provided $35,934 Global BC's in-kind sponsorship equalled $96,000 or $26,000 over target[8] not recruiting a new partner resulting in a loss of $12,000
Host Community budgets are supported by local government and business through cash and in-kind contributions	received $130,052 of cash and $177,010 of in-kind value	received $132,950 of cash and $930,977 of in-kind value	received $60,000 of cash and $375,000 of in-kind value	Global TV re-signed as partner and provides $80,000 in-kind value TELUS provides $85,000 cash and in-kind value Assisted Kamloops in bringing BC Lottery Corp. on as a $60,000 partner	received $107,650 cash and $255,411 of in-kind value	Kimberley – Cranbrook anticipate recruiting $xx cash and $xx in-kind	Cash contributions exceeded target by $67,000 Value in kind contributions were short by $145,000 due to business fatigue

[6] sources for financial figures from respective corporate contracts and community audited statements
[7] budget indicated a return of $60,000 with actual return being $82,136
[8] figure provided by Global BC on numbers of BC Games occasions based on broadcast rate card

5. Financial Report

Management Discussion and Analysis

Assessment of Results of Operations and Changes in Financial Conditions

Summary Financial Outlook
2005/06 - 2010/11 in 1000's

	2005/06 Actual	2006/07 Budget	2006/07 Actual	Budget Variance		Year Variance	6	2007/08 Forecast	2008/09 Forecast	2009/10 Forecast	2010/11 Forecas
Revenues											
Ministry Grant	2,027	2,137	2,137	0		110		2,262	2,222	2,262	2,26
Other Revenues	235	338	291	-47		92		465	584	467	58
Total Revenue	**2,262**	**2,475**	**2,428**	**-47**	1	**202**		**2,727**	**2,806**	**2,729**	**2,85**
Expenditures											
Grants	704	785	845	60	2	141		750	700	715	72
Games Operations	588	539	503	-36	3	-85		845	730	1,145	95
Overhead	1,013	1,134	1,086	-48	4	109		1,132	1,139	1,150	1,17
Total Expenses	**2,305**	**2,458**	**2,434**	**-24**		**165**		**2,727**	**2,569**	**3,010**	**2,85**
Operating Income (Loss)	**-43**	**17**	**-6**	**-23**		**37**	5	**0**	**237**	**-281**	
Operating and Capital Surplus B/F	896	853	853					847	847	1,084	80
Operating and Capital Surplus C/F	**853**	**870**	**847**					**847**	**1,084**	**803**	**80**
FTEs	**9**	**9**	**9**	**0**		**0**		**9**	**9**	**9**	
Capital Expenditures	**23**	**39**	**10**	**-29**		**-13**		**47**	**26**	**18**	**4**

1 unable to secure additional corporate partner

2 advance payment on Kimberley-Cranbrook 2008 BC Winter Games grant

3 reduced external transportation costs for Kamloops 2008 BC Summer Games

4 Hall of Fame exhibit construction and law suit payment

5 external transportation costs less in BC Summer Games year

6 anticipated lift to base and reallocation of grants to Partner Games not finalized at reporting time

A budgeted surplus for 2006 / 2007 of $17,000 became a surplus of approximately $40,000 (before audit) when year-end financials were being developed. It was the Finance Committee's recommendation in early March 2007 that a portion of that surplus be provided to the Kimberley–Cranbrook 2008 BC Winter Games in the 2006 / 2007 fiscal year as a prepayment on their budgeted $525,000 grant. Subsequent amortization on capital assets has resulted in a small deficit of $6,624.

The BC Games Society Board recognizes and appreciates that budgetary control is critical to our long-term financial health. Each year, management prepares a two-year budget for approval by the Finance Committee and the Board of Directors. These budgets consider our

strategic objectives of our annual Service Plan, and the geographic locations of the communities in which games are being hosted. Expenditures for the fiscal year ending March 31, 2007 were $2,434,759.

As an organization, the BC Games Society plans in two-year cycles, taking into account our two major events and largest expenses, the BC Winter Games and the BC Summer Games. Fiscal year 2006/2007 featured the Kamloops 2006 BC Summer Games; they received a grant of $600,000 with an additional $489,298 spent on external travel for athletes attending the those Games.

Budget surpluses at the BC Summer and Winter Games host community level are shared equally between the host and this society. Greater Trail 2006 BC Winter Games returned a surplus of $34,921 to the BC Games Society, which will be reinvested in future host communities.

BC Games Society also provides operating costs and grants to each of the Northern BC Winter Games, BC Disability Games and BC Seniors for a total of $330,000. Surpluses in those communities are not split with the BC Games Society but go directly back to the Parent Society of the respective Games.

Major Risks and Opportunities

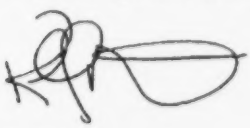
BC has the most aggressive multi-sport campaign in the country, having four Games each fiscal year. The society continues to monitor the pressures of staging this number of events within the province as sponsorship and volunteer fatigue, saturation of available hosting communities, and overall fiscal sustainability continue to offer challenges.

In June 2006, the Board of BC Disability Sports made the decision to go to a biennial model for Games delivery, recognizing the pressures already placed on communities for volunteering and corporate giving. BC Disability Games will be held in July 2007, then July 2009 and every odd year after. Similarly, the Northern BC Winter Games Society will go to an odd year event beginning in 2011. They currently have named hosts for 2008, 2009, and 2010, with subsequent bid requests being for odd years only.

Management's Responsibility for Financial Reporting

The financial statements of the BC Games Society have been prepared by management in accordance with Canadian generally accepted accounting principles. The financial statements present fairly the financial position of the Society as at March 31, 2007 and the results of its operations.

Management is responsible for the integrity of the financial statements and has established policies as conveyed by the Auditor General of British Columbia regarding internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial statements prepared in a timely manner. Inherent to the concept of reasonable assurance is the recognition that there are limits in all internal control systems and that system costs should not exceed the expected benefits.



Kelly Mann
President and CEO

Accountant

6. Corporate Governance

The BC Games Society, as a Service Crown Agency, is responsible to the Minister of Tourism, Sport and the Arts.

A fifteen member community based Board of Directors, appointed by Ministerial Letter, sets the strategic direction of the BC Games Society within direction from the provincial sport system with approval by the Minister. President and CEO, Kelly Mann, is given direction by the Board and is accountable for managing the operations of the Society. The Director's activities and responsibilities are governed by Best Practice Guidelines for Governance and Disclosure for Governing Boards.

The Society receives its core funding through a Transfer Under Agreement with the Sport and Recreation Branch of the Ministry.

The Board of Directors' guiding principles are:

- Accountability and Performance
- Openness, Trust and Transparency
- Stewardship, Leadership and Effectiveness
- Clarity of Roles and Responsibilities
- Service and Corporate Citizenship
- Value, Innovation and Improvement

Board Members and Committees

Committees of the Board

- Finance – responsible for the review of all financial reports, audited statements, and supporting financial materials in order to make recommendations to the Board
- Sport – reviews and recommends to the Board, sports and communities for inclusion in the BC Winter and Summer Games
- Marketing and Communications – assist in the development of the strategic direction for marketing the BC Games as well as recommending options for Corporate Partner benefits and acquisition

Members of the Board of Directors:

- Wendy Ladner Beaudry, Co-Chair, Vancouver
- Tony Fiala, Co-Chair and Finance Committee, Williams Lake
- Sharon White, Victoria, Provincial Government, Marketing and Communications Committee
- Scott Braley, North Vancouver, 2010 Legacies Now Society
- June Parsons, Sidney, BC Seniors Games Society[9]
- Bob Irwin, Kitimat, Northern BC Winter Games Society, Sport Committee
- Anoop Sharma, Vancouver, BC Disability Sports
- Gary Young, North Vancouver, Chair, Marketing and Communications Committee
- George Kawaguchi, Burnaby, Sport Committee[10]
- Bruce Johnson, Penticton, Finance Committee
- Elsa McIntee, Richmond, BC Seniors Games Society[11]
- Kimberly White Gilhooly, Vernon, Marketing and Communications Committee

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[9] appointed January 2007
[10] term expired January 2007
[11] term expired July 2006

- Marni Abbott, Vancouver, Sport Committee
- Frank Lento, Fernie, Chair, Sport Committee
- Jennifer Williams, Duncan
- Rod Cox, Terrace, Chair, Finance Committee, Marketing and Communications Committee
- Dorothy Paul, Brentwood Bay[12]

Additional information on Board members and Board policies is available on our website. The BC Games Society complies with the provincial government's Governance and Disclosure Guidelines for Governing Boards of British Columbia Public Sector Organizations. See http://www.bcgames.org/facts_and_figures_board_governance.html

[12] appointed January 2007

7. Financial Statements of the BC Games Society

Year Ended March 31, 2007

MANTELL | DICKSON | BLADES | WISEMAN
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AUDITORS' REPORT

To: The Board of Directors of the BC Games Society

We have audited the statement of financial position of the BC Games Society as at March 31, 2007 and the statement of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2007 and the results of its operations and changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Mantell Dickson Blades Wiseman

Victoria, B.C.
April 24, 2007

Chartered Accountants

BC GAMES SOCIETY

STATEMENT OF FINANCIAL POSITION

MARCH 31,	**2007** **$**	**2006** **$**
ASSETS		
CURRENT		
Cash and cash equivalents	806,938	1,375,840
Receivables	10,209	110,660
Inventory	4,503	837
Prepaids	1,642	1,950
	823,292	1,489,287
CAPITAL ASSETS *(Note 3)*	91,207	106,795
	914,499	1,596,082
LIABILITIES		
CURRENT		
Payables and accruals	44,456	723,171
Deferred funding *(Note 11)*	23,103	19,347
	67,559	742,518
NET ASSETS		
NET ASSETS INVESTED IN CAPITAL ASSETS	91,207	106,795
INTERNALLY RESTRICTED FUNDS *(Note 7)*	-	30,744
UNRESTRICTED NET ASSETS	755,733	716,025
	846,940	853,564
	914,499	1,596,082

COMMITMENTS *(Note 5)*

CONTINGENT LIABILITY *(Note 6)*

APPROVED BY THE BOARD

Tony Fiala

_____ Director

W. Ushner-Beaudry

_____ Director

See accompanying note

BC GAMES SOCIETY

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31,

CURRENT YEAR (2007)

	Investment in Capital Assets	Internally Restricted Funds (Note 7)	Unrestricted Operations	2007 Total
	$	$	$	$
NET ASSETS, beginning of year	106,795	30,744	716,025	853,564
TRANSFERRED TO UNRESTRICTED OPERATIONS *(Note 7)*	-	(30,744)	30,744	-
(DEFICIENCY) OF REVENUE OVER EXPENSES	-	-	(6,624)	(6,624)
AMORTIZATION OF CAPITAL ASSETS	(25,380)	-	25,380	-
INVESTMENT IN CAPITAL ASSETS	9,792	-	(9,792)	-
NET ASSETS, end of year	91,207	-	755,733	846,940

PRIOR YEAR (2006)

	Investment in Capital Assets	Internally Restricted Funds (Note 7)	Unrestricted Operations	2007 Total
	$	$	$	$
NET ASSETS, beginning of year	115,290	30,744	750,211	896,245
(DEFICIENCY) OF REVENUE OVER EXPENSES	-	-	(42,681)	(42,681)
AMORTIZATION OF CAPITAL ASSETS	(31,230)	-	31,230	-
INVESTMENT IN CAPITAL ASSETS	22,735	-	(22,735)	-
NET ASSETS, end of year	106,795	30,744	716,025	853,564

See accompanying notes

BC GAMES SOCIETY

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31,	**2007**	**2006**
	$	**$**
REVENUE		
Province of British Columbia - Operating Grant		
1,982,000 1,832,000 - Grant - Family of Games	155,000	195,000
Funding partner *(Note 10)*	40,000	40,000
Souvenirs	3,897	4,895
Contractual revenues, net	33,900	3,000
Athlete registration	157,985	99,388
Interest earned	55,353	51,793
	2,428,135	2,226,076
EXPENSES		
Salaries and employee benefits	620,217	602,458
Travel and accommodation	75,365	87,328
Professional services	34,090	25,289
Computer maintenance	5,660	1,679
Office and business expenses	77,070	78,723
Advertising and publications	62,328	42,218
Insurance, leases and utilities	105,502	108,200
Games operating costs	502,568	587,726
Lawsuit settlement *(Note 6)*	55,000	-
Sports Hall of Fame Exhibit	26,500	-
Amortization	25,380	31,230
Operating grants, less returns	845,079	703,906
	2,434,759	2,268,757
(DEFICIENCY) OF REVENUE OVER EXPENSES	(6,624)	(42,681)

See Schedules 1, 2 and 3 for Schedule of Expenses

See accompanying notes

BC GAMES SOCIETY

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31,	2007 $	2006 $
CASH FLOW DERIVED FROM (APPLIED TO)		
Operating		
(Deficiency) of revenue over expenses	(6,624)	(42,681)
Amortization	25,380	31,230
	18,756	(11,451)
Changes in non-cash operating working capital		
Receivables	100,451	(103,687)
Inventory	(3,666)	3,196
Prepaids	308	(1,325)
Payables and accruals	(678,715)	632,323
Deferred funding	3,756	(3,347)
	(559,110)	515,709
Investing		
Purchase of capital assets *(Note 3)*	(9,792)	(22,735)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(568,902)	492,974
CASH AND CASH EQUIVALENTS, beginning of year	1,375,840	882,866
CASH AND CASH EQUIVALENTS, end of year	806,938	1,375,840

See accompanying notes

BC GAMES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2007

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1. STATEMENT OF PURPOSE

The Society was incorporated under the Society Act on June 26, 1987. Currently, the purpose of the Society is to provide event management leadership to achieve sport, individual and community development.

Approximately 88% of the Society's revenues are received from the Province of British Columbia with the remainder generated by corporate sponsors, surpluses from host societies, athlete registration fees, contract service and interest.

The Northern B.C. Winter Games, the BC Winter Games, the B.C. Disability Games, the BC Summer Games and the B.C. Seniors Games are planned and operated by societies incorporated in the host community for each event. These financial statements do not reflect the revenues and expenditures of the local societies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

The term "Society" is used to mean the BC Games Society.

(a) Capital Assets

Amortization is calculated on a straight-line basis over the asset's estimated useful economic life, as follows:

Computer and general application software	3-5 years
Registration programs and computer cabling	5 years
Bedding, flags and signs for host societies	12 years
Furniture and equipment	10 years
Trademarks	20 years
Leaseholds	over the term of the lease

In the year of purchase capital assets are amortized at half their normal rates.

(b) Revenue Recognition

The Society follows the deferral method of accounting for Grants and Contributions received, whereby revenues are matched with expenses. Restricted contributions, if any, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable.

Donated or discounted goods and services are recorded at the amount of cash consideration.

Receipt of surplus from Summer and Winter Games Societies is recorded at the earlier of cash receipt and final determination of the amount of the surplus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Measurement Uncertainty and the Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates.

(d) Provincial Contributions

The financial statements do not reflect certain administrative expenses incurred and paid directly by the Province of British Columbia in the delivery of the games.

(e) Legacy Funds - Host Communities

Host communities retain 100% of profits from souvenir sales and 50% of their operating surplus, if any, and all interest earned as part of their legacy fund.

(f) Grants to Host Societies

Grants to host societies are recorded as an expense when disbursement of funds has been authorized.

3. CAPITAL ASSETS

	2007 $	2006 $
Registration software	272,640	265,990
Application software	17,225	15,037
Computers	39,055	39,055
Bedding, flags and signs for Host Societies	120,676	119,722
Furniture and equipment	20,732	20,732
Cabling	8,436	8,436
Leaseholds	17,172	17,172
Trademarks	763	763
At cost	496,699	486,907
Less: Accumulated amortization	405,492	380,112
Net book value	91,207	106,795
Additions during the year		
Computers	-	3,659
Bedding and flags	954	2,385
Registration software enhancements	6,650	13,585
Computer software	2,188	3,106
	9,792	22,735

4. SURPLUS FROM HOST SOCIETIES

Surplus from the host societies is comprised of:

	2007 $	2006 $
Abbotsford 2004 Summer Games Society	-	151,094
Greater Trail 2006 Winter Games Society	34,921	-
	34,921	151,094

5. COMMITMENTS

The Society has commitments arising from contractual agreements for office equipment, television advertising, employment services, and a lease for office premises. The Society is also committed to provide funding to host societies for staging of events scheduled during the years.

General Commitments

Minimum annual commitments in each of the next five fiscal years are as follows:

	Total $
2008	206,800
2009	64,200
2010	49,800
2011	30,500
2012	-
	351,300

Host Society Commitments

	$	
2008	555,000	
2009	670,000	
2010	615,000	
2011	625,000	
2012	525,000	2,990,000
		3,341,300

6. CONTINGENT LIABILITY

The Society was named as a party to a lawsuit related to injuries sustained by a volunteer of the Nanaimo 2002 Summer Games. This was settled during the year at $55,000.

7. INTERNALLY RESTRICTED FUNDS

Internally restricted funds are now included with unrestricted funds.

8. RELATED PARTY TRANSACTIONS

The Society is economically dependent on the receipt of funding from the Province of British Columbia. Early in each fiscal year the annual funding from the Province is paid to the Society to cover the operating cost for that year. The use of the funds is governed by the Agreement for Financial Assistance signed by both parties.

During the fiscal year, the Society received funding of $1,982,000 from the Province for operations. In addition, $155,000 was received for specific use as grants to assist in the running of the Northern, Disability and Senior Games. These funds are held in trust by the Province in short-term securities with interest being credited to the Society each month.

Details of transactions are as follows:

	2007 $	2006 $
Grant received	- Operations	
1,982,000 1,832,000		
- Family of Games	155,000	195,000
Interest earned	53,825	51,793
Balance in the Investment Trust Account at year end (included in cash equivalents on the Statement of Financial Position)	747,924	1,267,099

9. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash and cash equivalents, receivables, payables and accruals. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

10. FUNDING PARTNER

During the year, the Society received $40,000 from Telus as a sponsor of the BC Summer and Winter Games.

11. DEFERRED FUNDING

	2007 $	2006 $
a) Funds for B.C. Olympic and Paralympics Youth Leadership Program:		
Opening balance	12,465	19,430
Received from Legacies Now	6,000	1,000
Contributions from non-government sources	-	10,750
	18,465	**31,180**
Expenses		
Greater Trail 2006 Winter Games Society	-	16,000
Other	721	2,715
Balance, end of year	**17,744**	**12,465**
b) Funds to further promote the B.C. Senior Games:		
Opening balance	4,882	-
Contributions from Legacies Now	5,000	20,000
Expenses incurred under the agreement	(8,523)	(15,118)
Balance, end of year	1,359	4,882
c) Funding from Telus for bursaries and to Kid Sport Fund:		
Opening balance	2,000	3,264
Funds received	2,000	-
Bursary paid	-	1,264
Balance, end of year	4,000	2,000
Total Deferred Funding	23,103	19,347

12. SUBSEQUENT EVENTS

Effective April 1, 2007, the Society will no longer fund the B.C. Seniors Games Society. In addition, the Society will no longer provide core operational funding for the Northern B.C. Winter Games Society and BC Disability Sports. This funding will be provided directly by the Province of British Columbia. The Society will continue to fund the Northern and Disability games host societies.

SCHEDULE 1

BC GAMES SOCIETY

SCHEDULE OF EXPENSES

YEAR ENDED MARCH 31,	**2007**	**2006**
	$	**$**
SALARIES AND EMPLOYEE BENEFITS		
CEO – base contract	97,123	90,450
Base salaries – other staff	411,364	404,543
Casual employees	5,431	3,507
Canada pension	17,804	16,988
Employment insurance	9,430	9,516
Medical services plan	9,414	7,986
Group insurance	41,024	40,690
Pension plan	24,939	25,634
Health development	700	503
Worker's Compensation Board	2,988	2,641
	620,217	602,458
TRAVEL AND ACCOMMODATION		
Air travel	5,193	17,599
Travel and accommodation	54,208	52,938
Per diem	13,394	14,561
Mileage and parking	2,570	2,230
	75,365	87,328
PROFESSIONAL SERVICES		
External accountants	12,006	10,041
Audit and legal	12,418	12,748
Sports partner services	9,666	2,500
	34,090	25,289

BC GAMES SOCIETY

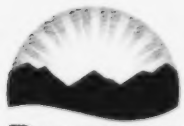
SCHEDULE OF EXPENSES

YEAR ENDED MARCH 31,	**2006** **$**	**2005** **$**
COMPUTER MAINTENANCE		
Maintenance	5,660	1,679
OFFICE AND BUSINESS EXPENSES		
Office supplies	15,709	18,238
Postage	20,627	10,907
Office expenses	18,535	14,208
Board administration	9,037	11,488
Staff training	879	4,467
Business expenses	5,918	6,713
G.S.T. expense portion	6,365	12,702
	77,070	78,723
ADVERTISING AND PUBLICATIONS		
Television advertising	30,000	25,000
Zone qualifying promotions	3,580	3,767
Marketing	28,748	13,451
	62,328	42,218
INSURANCE, LEASES, UTILITIES		
Office and liability insurance	21,889	24,862
Rent, utilities, property tax	57,142	57,113
Telephone	14,917	16,557
Equipment lease	11,554	9,668
	105,502	108,200

BC GAMES SOCIETY

SCHEDULE OF EXPENSES

YEAR ENDED MARCH 31,	**2007**	**2006**
	$	**$**
GAMES OPERATING COSTS		
External transportation - Summer	489,298	-
External transportation - Winter	-	572,550
Games general supplies	13,270	15,176
	502,568	587,726
OPERATING GRANTS		
B.C. Disability Sport	25,000	65,000
Northern B.C. Winter Games Society	65,000	65,000
B.C. Senior Games Society	65,000	65,000
Northern B.C. Winter Games (Host Society)	45,000	45,000
B.C. Disability Games	-	45,000
B.C. Seniors Games (Host Society)	45,000	45,000
Greater Trail 2006 Winter Games Society	-	475,000
Kamloops 2006 Summer Games Society	550,000	50,000
Kimberley - Cranbrook 2008 Winter Games Society	85,000	50,000
	880,000	855,000
Less: Surplus from host societies *(Note 4)*	(34,921)	(151,094)
	845,079	703,906



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The Best Place on Earth

Honourable Stan Hagen, Minister

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